

AR45



1973
Home Improvement Centre



1963
Lumber Yard

REVELSTOKE ANNUAL REPORT 1973

LEGEND

-  Retail Branch
-  Concrete Plant
-  Lumber Mill
-  Head Office



Where We Are

* On Vancouver Island the Company operates under the name of Stewart & Hudson Ltd.

BRITISH COLUMBIA *

- Cranbrook
- Creston
- Dawson Creek
- Duncan
- Fort St. John
- Ladysmith
- Nanaimo
- Parksville
- Port Alberni
- Radium
- Surrey
- Victoria
- Whiterock

ALBERTA

- Acme
- Airdrie
- Alix
- Athabasca
- Bentley
- Brooks
- Calgary
-
- Camrose
- Carstairs
- Castor
- Coronation
- Crossfield
- Daysland
- Didsbury
- Drumheller
- Eckville
- Edmonton
- Grande Prairie
- Hanna
- High River
- Holden
- Innisfail
- Lacombe
- Lac La Biche
- Legal
- Lethbridge
- Loughheed
- Medicine Hat
- Nanton
- Okotoks
- Olds
- Peace River
- Picture Butte
- Ponoka
- Red Deer
- Rocky Mtn. House
- Sentinel
- Sundre
- Sylvan Lake
- Taber
- Two Hills
- Vauxhall
- Vegreville
- Vermilion
- Viking
- Vulcan
- Wainwright

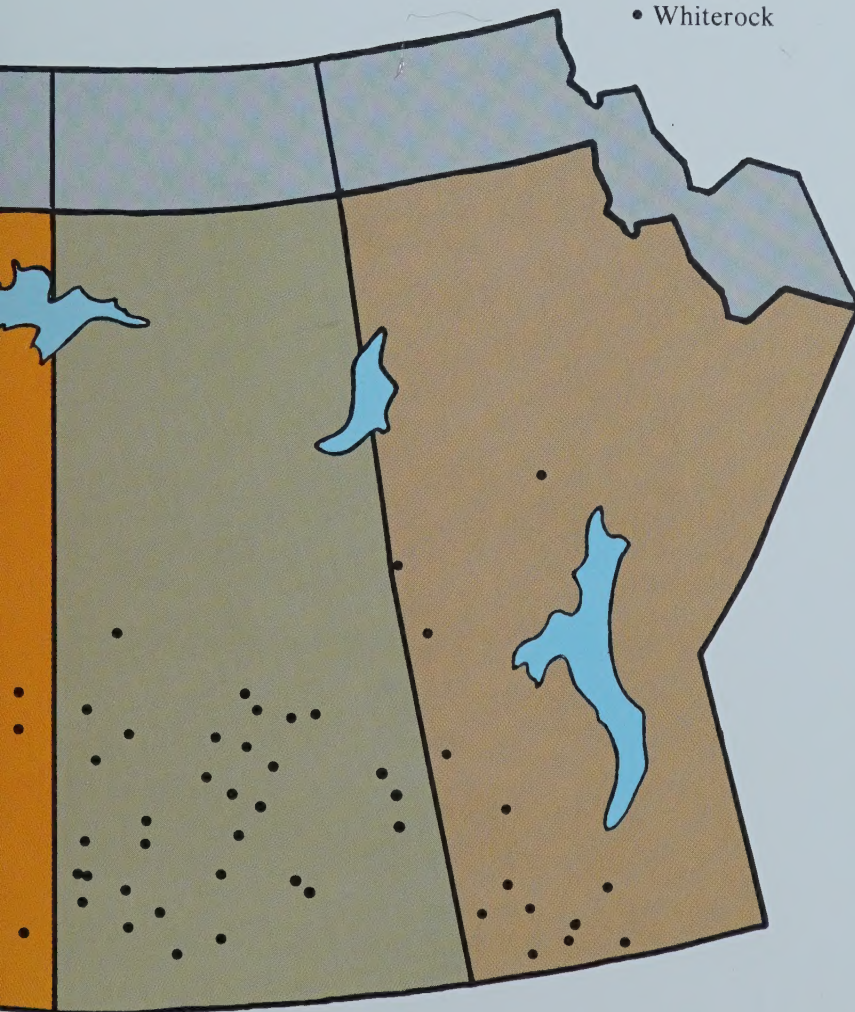
- Wetaskiwin
- Whitecourt

SASKATCHEWAN

- Battleford
- Birch Hills
- Cabri
- Canora
- Central Butte
- Cudworth
- Davidson
- Elrose
- Fox Valley
- Gravelbourg
- Gull Lake
- Humboldt
- Leader
- Lumsden
- Maidstone
- Meadow Lake
- Melfort
- Ponteix
- Preeceville
- Prelate
- Prince Albert
- Regina
- Rosetown
- Rosthern
- Saskatoon
- Swift Current
- Tisdale
- Unity
- Watrous
- Yorkton

MANITOBA

- Baldur
- Boissevain
- Brandon
- Cypress River
- Dauphin
- Flin Flon
- Hamiota
- Morden
- Portage la Prairie
- Swan River
- The Pas
- Thompson
- Virden



What We Do

Revelstoke owns and operates 108 retail outlets throughout Western Canada serving mainly individual retail customers but also professional buyers such as tradesmen and builders. Each of these outlets represents a combination of a home improvement centre, a lumber dealer, a hardware store and a building materials supplier.

In addition, Revelstoke produces redi-mix concrete at 18 plants in Alberta, Saskatchewan and British Columbia, and manufactures lumber at four mills in Alberta and one mill in British Columbia. The Concrete Division supplies housing, agricultural, commercial and institutional markets. The Lumber Division supplies the Company's Retail Division as well as the Canadian construction market. It is also a major exporter to the United States.

Revelstoke's management is committed to having the best managed company of our size and kind in Canada, to serving and satisfying an ever increasing number of customers and to achieving a consistent increase in the profitability of the Company and the return on its shareholders' equity. It is hoped that these efforts will benefit our customers, suppliers, employees and shareholders.

The cover of the 1973 Annual Report highlights the fact that Revelstoke's retail business is rapidly changing from what was traditionally known as lumber yards into what is now known primarily as home improvement centres.

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Where We Are

ALBERTA

- Acme
- Airdrie
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- Athabasca
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- Calgary
-
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Financial Highlights*

For The Year Ended December 31

REVELSTOKE COMPANIES LTD.

		<u>Change</u> <u>1973 - 1972</u>	<u>1973</u>	<u>1972</u>
TOTAL DOLLARS:				
Sales	+	47.6%	\$63,170,831	\$42,808,839
Pre Tax Earnings	+	112.9%	\$ 6,386,970	\$ 3,000,066
Income Taxes on Earnings	+	110.3%	\$ 3,037,743	\$ 1,444,563
Net Earnings for Shareholders	+	116.2%	\$ 3,332,146	\$ 1,541,384
Cash Flow	+	77.7%	\$ 5,494,910	\$ 3,092,003
Common Share Dividends Paid	+	27.7%	\$ 306,453	\$ 240,002
Earnings Retained & Reinvested	+	147.0%	\$ 2,896,994	\$ 1,172,683
Capital Expenditures	-	37.0%	\$ 2,315,564	\$ 3,678,275
PER SHARE:				
Sales	+	46.7%	\$34.89	\$23.78
Earnings - Total	+	124.1%	\$ 1.77	\$.79
- Diluted	+	124.7%	\$ 1.73	\$.77
Cash Flow	+	76.7%	\$ 3.04	\$ 1.72
Common Dividends Paid	+	21.4%	\$.17	\$.14
Earnings Retained & Reinvested	+	146.2%	\$ 1.60	\$.65
PERFORMANCE MEASUREMENTS:				
Asset Turnover			1.88	1.75
(Sales ÷ Assets)				
Return on Sales			X 5.27%	X 3.60%
(Net Earnings ÷ Sales)				
Return on Assets			= 9.92%	=6.30%
(Net Earnings ÷ Assets)				
Leverage Factor			X 2.17	X 1.72
(Assets ÷ Equity)				
Return on Shareholders' Equity			=21.50%	=10.81%
(Net Earnings ÷ Equity)				

* Earnings per share are calculated on the weighted average number of shares outstanding during the year after deducting preferred dividends. Capital expenditures are less the proceeds of assets disposed of during the year.

Performance measurements are calculated using the asset and shareholders' equity balances as at the beginning of each year.

President's Report

Review of 1973

Revelstoke experienced a year of considerable growth and progress in 1973. Sales increased by 48% to \$63.2 million in comparison to \$42.8 million for 1972. Total earnings rose by 116% to \$3.33 million compared to \$1.54 million for the prior year.

After deducting preferred dividends, earnings per share increased in 1973 to \$1.77 in comparison to \$0.79 for 1972. The Company's shareholders received common share dividends of \$0.17 per share in 1973 compared to \$0.14 per share in 1972.

What We Do

At Revelstoke we see ourselves as first and foremost a marketing organization whose most important mission is creating and retaining customers who build for themselves and others.

Revelstoke's three operating Divisions are closely related to each other in terms of integrated management, common customers and backward integration. All three Divisions of the Company achieved record sales and profits in 1973.

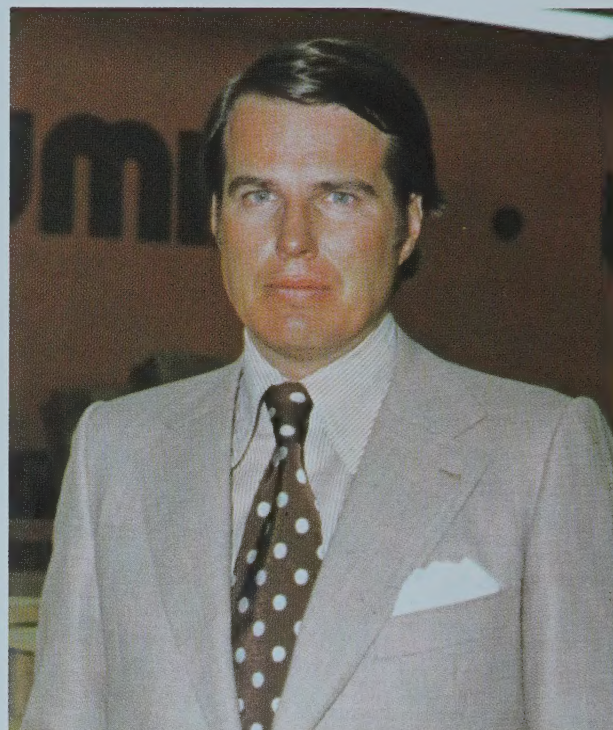
Revelstoke's Retail Division represents the dominant part of the Company's business in terms of profits and sales. This Division is aggressively expanding with the building of new stores, enlarging and upgrading existing stores and adopting a number of new merchandising programs. A substantial portion of the lumber sold by Revelstoke's retail outlets is supplied by the mills of the Company's Lumber Division.

During 1973 the Concrete Division benefited from strong construction activity in practically everyone of its markets while the Lumber Division was able to take advantage of the prevailing high lumber prices with an increase in production and efficiency. Each of the three Divisions is reviewed individually in a subsequent section of the Annual Report.

Our Markets

Revelstoke's operations are based exclusively in Western Canada. Approximately 58% of the Company's total sales were generated from operations in Alberta, 22% in British Columbia, 14% in Saskatchewan and 6% in Manitoba.

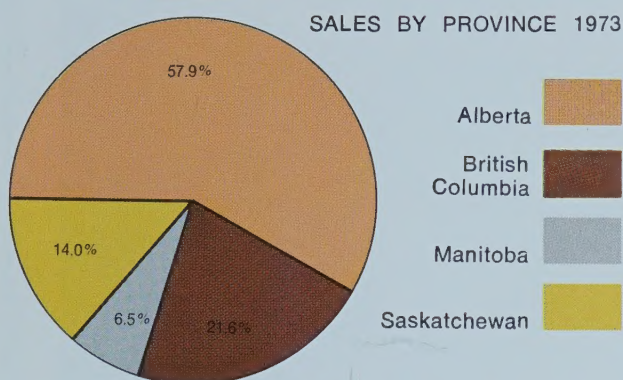
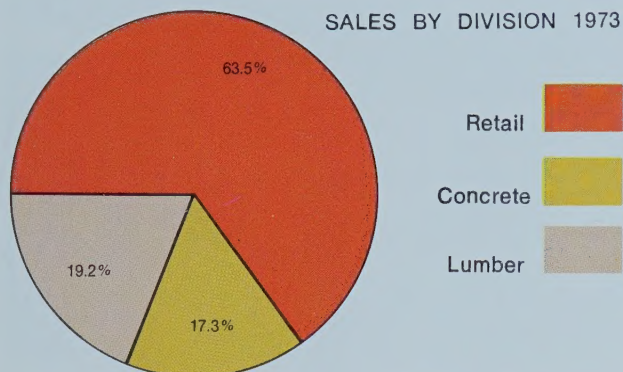
Revelstoke's most significant market is Alberta which enjoyed an excellent economy in 1973 and should continue to exhibit strong growth throughout the remainder of the '70s. The impressive outlook for Alberta stems particularly from world wide demand



for energy, agriculture and forest products. The number of major capital spending projects that are either underway or planned for Alberta should ensure that this province experiences a rate of economic growth for the next 10 years that exceeds that experienced by any of Canada's other provinces.

In spite of the uncertain outlook for certain sectors of the British Columbia economy, Revelstoke's retail operations in that province are experiencing a healthy increase in the demand for our products and continued population growth in our markets. At the same time the Company's lumber mill at Radium, B.C. is expanding its output through the installation of new equipment and greater operating efficiency.

In the last three years the economies of Saskatchewan and Manitoba have achieved a considerable improvement resulting from rising income levels, increased construction activity and greater demand for the products produced within those provinces. In particular the substantial prosperity enjoyed by farmers throughout the three prairie provinces is especially significant for Revelstoke when one considers the extensive coverage of our Retail Division throughout the rural markets.



In addition to the four provinces of Western Canada, our Company does business in the United States and to a lesser extent in Eastern Canada through the sale of lumber manufactured by our Lumber Division. Most of this lumber is purchased by the residential construction industry. While North American housing starts in the first six months of 1974 will be considerably lower than the previous year, residential construction activity is expected to turn around in the last six months of the year and is likely to remain at high levels throughout the 1970's. It should also be noted that lumber prices are increasingly influenced by the demand from overseas markets.

Stewart & Hudson

The most significant development for the Company in 1973 was the acquisition of Stewart & Hudson Ltd. and two associated companies operating a total of eight retail outlets on Vancouver Island and the lower mainland of British Columbia. The addition of these outlets to our Retail Division provides the Company with a strong base of operations in the B.C. market.

Management

Each of Revelstoke's three Divisions is organized as a distinct profit centre as are the individual retail outlets, concrete plants and lumber mills within the Divisions. The management of each Division and of the individual operating units share in the profits produced by the operations directly under their responsibility. In essence our Company strongly believes in giving our Managers "a piece of the action" as if they were in business for themselves.

In the Retail Division, Victor R. Roskey was appointed Vice President - Merchandising to replace Hal E. Dunn who has resigned from the Company.

The inside of the back cover of this Annual Report contains a statement of Revelstoke's general corporate objectives. These objectives indicate the management philosophy of our Company and serve to guide our decision making. Management recognizes however that the ultimate test of our ability is to achieve a rising level of profitability in earnings per share consistent with building the foundation for a strong and viable long term business.

The Revelstoke Family

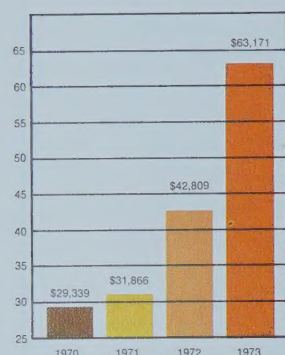
At Revelstoke it is an understatement to say that "the name of the game is people." Revelstoke's success relies more than any other factor upon the calibre and dedication of employees at all levels of the Company. Consequently we attempt to stress a highly personalized style of management based on the belief that at Revelstoke every employee counts.

It is our objective to stimulate personal development and fulfillment for our employees by fostering an atmosphere conducive to two way communication, by training seminars and by promoting within the Company whenever possible. In addition we believe that it is important for the members of the Company to have fun working together and to enjoy being a part of "the Revelstoke family."

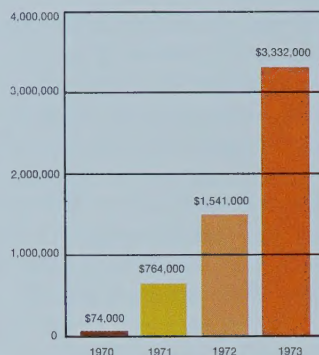
Employee Savings & Stock Purchase Plan

In 1973 Revelstoke initiated an Employee Savings & Stock Purchase Plan giving salaried employees of the Company the opportunity to purchase Revelstoke common shares on a basis whereby for every \$2 contributed by employees the Company contributes \$1. The plan is administered by a Trust Company which purchases the shares through the Toronto Stock

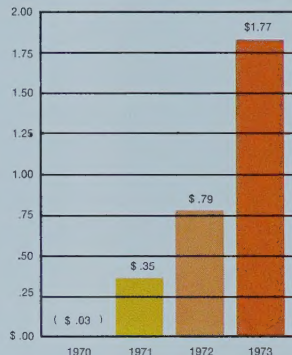
TOTAL SALES (000's Omitted)



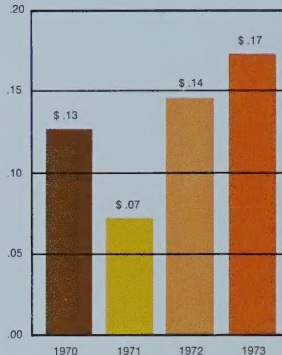
NET EARNINGS



EARNINGS PER SHARE



DIVIDENDS PER SHARE



Exchange. In spite of a difficult year for the stock market in general, approximately 54% of all eligible salaried employees have subscribed to the plan on its first anniversary date in January 1974.

Employee Benefit Plans

Based on the recommendations of an outside consulting firm, the Company revised and updated its employee benefit plans in 1973. This included instituting income continuance in the event of permanent disability, expanding the medical benefits and raising the group insurance coverage on a basis whereby the Company pays all the premiums. We now believe that our employee benefit plans are equal or superior to those offered by any other company in our industry.

Financial Position

Revelstoke's total assets increased in 1973 to \$43.6 million compared to \$33.6 million a year earlier. At the same time, total shareholders' equity rose to \$18.1 million compared to \$15.5 million at the end of 1972. The Company's working capital increased to \$10.0 million at the end of 1973 compared to \$6.5 million a year earlier.

At December 31, 1972, Revelstoke's consolidated balance sheet contained an amount of \$338,677 representing unamortized goodwill. During 1973 the Company made acquisitions which increased this amount to a total of \$1,428,429 of goodwill. Rather than amortizing the accumulated goodwill over an extended period of time, the decision was made to write off this amount to consolidated retained earnings.

Revelstoke's Capital expenditures in 1973 totalled \$1.7 million in the Retail Division, \$234,000 in the Concrete Division and \$743,000 in the Lumber

Division. The Company's 1974 capital expenditures are estimated to approximate \$1.5 million in the Retail Division, \$300,000 in the Concrete Division and \$825,000 in the Lumber Division. These estimates assume that the new stores planned for major urban markets will be leased and that most of Revelstoke's mobile equipment will be financed through sale and leasebacks.

Outlook for 1974

While the Canadian economy is expected to experience a slowdown in economic growth, we are reasonably confident that Revelstoke will experience another year of profitable growth in 1974. Factors responsible for this favourable outlook include the dynamic Alberta economy, the prosperity of Western Canada's farmers and the benefits resulting from the expansion of our retail business. We are concerned however with the impact on general business activity resulting from the recent sharp increase in interest rates and the tighter monetary conditions now prevailing in Canada.

On behalf of the Company's Board of Directors and Shareholders, I want to thank our 1,400 employees whose dedication and commitment made it possible for Revelstoke to accomplish another record year in 1973. At the same time all of us at Revelstoke certainly appreciate the support and confidence which we received from our customers, suppliers and friends during the past year.

STEELE CURRY
President

April 26th, 1974

Our Stores



In recent years Revelstoke's stores have undergone a considerable transformation involving modern decors, updated display methods, new product lines and enlarged selling areas. The objective of these changes is to make the Company one of the leading retailers in the rapidly growing do-it-yourself, home handyman and home decorating market. This section of the Annual Report is designed to illustrate both the new character of our stores and our principal product lines.

Revelstoke's stores are called "Home Improvement Centres" and offer retail customers and professional buyers:

1. A complete range of carpeting and floorcoverings.
2. Lumber products of all types.
3. A complete selection of hardware and tools.
4. Everything required for renovating and building kitchens.
5. A complete selection of wallpaper, paint products and other home decorating supplies.
6. Panelling and plywood of all types.

The last photograph (7) illustrates the interior of the Revelstoke Home Improvement Centre opened in March of 1974 in Calgary, Alberta.



Review of Retail Division

Review of 1973

Revelstoke's Retail Division, the largest and most important Division of the Company, increased its sales in 1973 by 54% to \$40.1 million compared to \$26.1 million in 1972.

Revelstoke's 108 retail outlets are located throughout Western Canada with 52 stores in Alberta, 31 in Saskatchewan, 13 in Manitoba and 12 in British Columbia. Each retail outlet represents a combination of a home improvement centre, a lumber dealer, a hardware store and a building materials supplier with physical facilities consisting of a showroom, an adjoining warehouse and outside storage space.

Our Customers

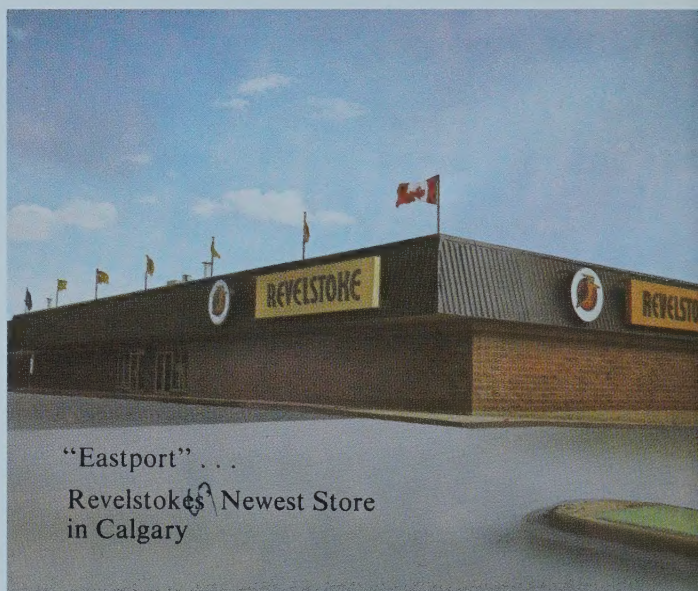
Every Revelstoke store serves two categories of customers, namely retail customers and professional buyers. Our retail customers are homeowners, farmers, ranchers and do-it-yourselfers of all types. Our professional buyers include builders, tradesmen, local industries and institutions. The Company is in an excellent position to serve both types of customers by carrying an extensive selection of lumber products, building materials, carpeting, hardware, tools, paint, wallpaper, plumbing and heating equipment, electrical supplies and other items required for home maintenance, renovation, and most building projects.

Industry Trends

For many years the retail lumber and building materials industry was somewhat backward in its methods of merchandising and marketing. Starting several years ago a number of companies in the industry, including Revelstoke, initiated wide sweeping changes in the style of their operations with the emphasis on the consumer market.

The magnitude of change in the character and size of new stores built by these companies within the past three years is in fact comparable to the changes which took place in the supermarket industry in Canada over a 30 year period. While Revelstoke intends to maintain its strong position in this industry, nevertheless our management recognizes that a degree of caution must be exercised in order to ensure that these rapid changes are not made at the sacrifice of the profitability of our existing business.

There is every indication that the future demand for home improvement products should make this industry the fastest growing sector of the retail business in the 1970's. Factors responsible for generating this substantial growth are an increase

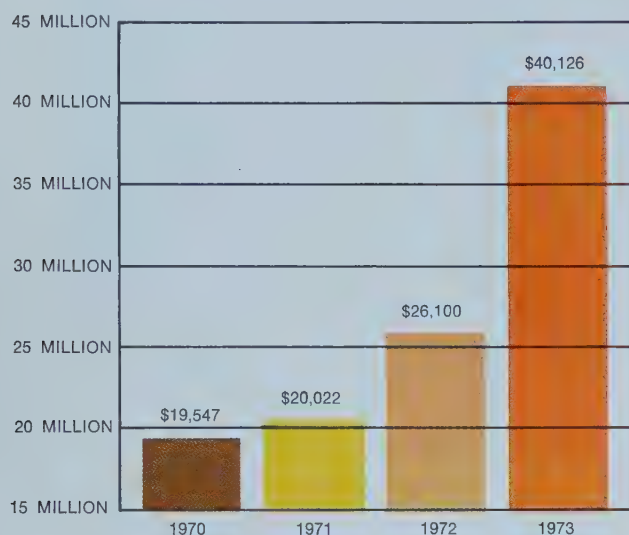


in consumer discretionary income and leisure time, a rise in new family formations, a critical shortage of tradesmen and the prohibitive costs for homeowners to use those tradesmen that are available. At the same time the major retail chains and manufacturers are stimulating further demand through advertising and promotion campaigns aimed at educating consumers about the increasing number of do-it-yourself projects that can easily be undertaken by homeowners themselves. Finally, the rapid increase in house prices throughout Canada is prompting homeowners to consider increasing the size and improving the quality of their existing homes as opposed to buying a new home.

Expansion Program

Revelstoke's Retail Division has embarked upon an aggressive expansion program involving both our existing outlets and the building of new stores. As part of this program we are increasing the variety and number of different products sold in our stores, upgrading the interior decor and methods of displaying merchandise in our stores, and increasing our advertising and promotion activities. At a number of our present locations we are building completely new stores or are expanding the selling area of our existing stores. All of these steps were taken to increase the Retail Division's sales and profit productivity per outlet and to make certain that Revelstoke is in an excellent position to maximize our share of the retail home improvement market wherever our stores are situated.

RETAIL DIVISION SALES (000's Omitted)



In 1973 new stores were built in Calgary, Lethbridge and Taber, Alberta; Fort St. John, British Columbia; Saskatoon and Melfort, Saskatchewan; and Flin Flon, Manitoba. During the past year, major expansions were made to our stores in Brooks and Vulcan, Alberta and in Regina, Humboldt and Gull Lake, Saskatchewan. In March 1974 Revelstoke opened a large prototype store in Calgary with the objective of using this outlet as a model for the type of new store to be opened by our Company in major urban markets in the future.

As part of our expansion program we will continue to be interested in purchasing other retailers of lumber, building materials and home improvements products providing these outlets are available in growth markets with good locations and sound management. In 1973 Revelstoke acquired existing retail outlets in Camrose, Alberta and Saskatoon, Saskatchewan.

By the end of 1974 the Company should have completed the upgrading and remerchandising program at virtually all of our existing outlets. This will then enable our management to concentrate more attention on the opening of new stores. In the past year Revelstoke closed down three outlets which were operating with a marginal level of sales in small communities.

Stewart & Hudson Ltd.

In late 1973 the Company's Retail Division was strengthened by the acquisition of Stewart & Hudson and two associated companies which operate a total of

eight lumber, building material and home improvement outlets in British Columbia. In view of the fact that Stewart & Hudson has built up strong customer loyalties over the past 35 years, we have decided to continue to operate the six acquired outlets on Vancouver Island under the Stewart & Hudson name. It is anticipated that Stewart & Hudson will continue to expand its operations with the addition of new stores and the enlargement of its existing facilities on Vancouver Island.

Stewart & Hudson's management will be directed by James W. Anderson as General Manager. Geoffrey J. Stewart, the former owner, will continue to be associated with the Company as Stewart & Hudson's Chairman.

Revy Homes

In addition to our retail business, Revelstoke markets single family homes and attached residential dwellings under the name "Revy Homes." In purchasing a Revy Home, the customer has the choice either of assembling the home himself with the prefabricated components and other necessary materials delivered to his site by Revelstoke or of having Revelstoke complete the construction of the home for the customer on a "turn key" basis. With the exception of certain of the prefabricated components, all of the materials and products involved in the construction of a Revy Home are carried by our retail outlets.

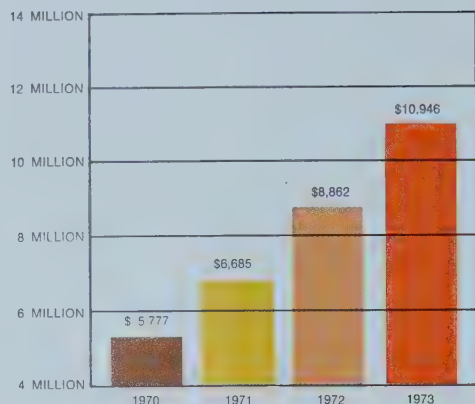
Outlook for 1974

Revelstoke's Retail Division represents one of the largest chains of lumber, building material and home improvement stores in Canada. Our management team is committed to taking advantage of the Company's existing base of operations, experienced personnel and financial resources to ensure that the Retail Division will be a major factor in the home improvement and do-it-yourself market. In 1974 special attention will be devoted on the part of management to achieving improvements in the areas of inventory turnover, market penetration and employee productivity.

In spite of uncertainties regarding consumer buying intentions and shortages of certain products, we anticipate that the Retail Division will experience a healthy increase in sales and profits in 1974 resulting in large part from the steps taken to improve the productivity of our existing outlets and the acquisition of Stewart & Hudson.

Review of Concrete Division

CONCRETE DIVISION SALES (000's Omitted)



Plant of the Year, 1973 Lethbridge, Staff and Manager

Review of 1973

Revelstoke's Concrete Division operates 18 transit mix and premix concrete plants with 12 in Alberta, four in Saskatchewan and two in British Columbia. The plants supply concrete to projects involving home and farm buildings, commercial construction and government public works.

In 1973 the Concrete Division's sales were \$10.9 million which is an increase of 23.5% over 1972. This Division accounted for 17.3% of the Company's total sales and contributed significantly to Revelstoke's improved earnings in 1973.

Integration of Management

Since 1951 the Concrete Division has represented an important part of Revelstoke's operations as an integrated supplier of building materials. In 14 out of the 18 communities where the Company has plants, the local Manager is responsible for both Revelstoke's concrete and retail business. This joint management facilitates our selling all of the materials required for any building project and lowers our overhead costs.

Capital Expenditures

During 1973 capital expenditures for the Division amounted to \$234,000, primarily relating to plant improvements and the replacement of equipment. In addition the Company's fleet was increased with 16 new truck and mixer units which were financed through lease arrangements. The capital expenditure program for 1974 will be similar to that of 1973.

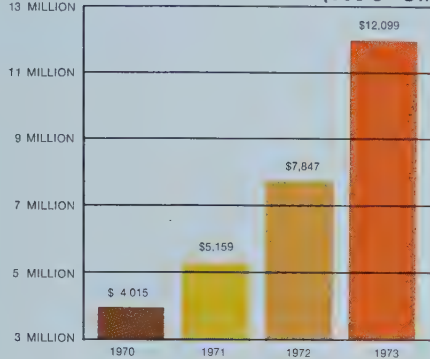
Outlook for 1974

With construction activity, particularly in Alberta, at record levels the prospects for the Concrete Division in 1974 are quite favourable. However, problems exist, and are likely to continue through the year, in relation to the availability of materials, equipment and skilled labor. In addition, as is generally the case throughout the construction industry, the Concrete Division is experiencing an unparalleled increase in its costs of doing business.

In 1974 the management and personnel of Revelstoke's Concrete Division will be working together to provide improved standards of service and to achieve a higher degree of efficiency and asset utilization.

Review of Lumber Division

LUMBER DIVISION SALES (000's Omitted)



Sentinel Mill, Alberta.

Review of 1973

Revelstoke's Lumber Division consists of lumber mills at Sentinel, Sundre, Rocky Mountain House and Whitecourt, Alberta, and Radium, British Columbia. The mills manufacture spruce and fir lumber which is shipped to Revelstoke's retail outlets, to customers in both western and eastern Canada and to export customers in the United States. The Company's mills provided an important source of supply for Revelstoke's retail outlets, ensuring reliable deliveries and predictable prices during the erratic market which existed in 1973.

In 1973 sales of the Lumber Division were \$12.1 million compared to \$7.8 million in 1972, an increase of 55.1%. In addition intercompany sales from the Lumber Division to the Retail Division were \$2.4 million in 1973, compared to \$1.4 million in 1972. Lumber shipments during the year amounted to 102 million board feet which is an increase of 22.2% compared to the 83.5 million board feet shipped in 1972. Prices for lumber products were strong throughout 1973 and, for the first year since 1969 the Lumber Division achieved a reasonable degree of profit performance.

Revelstoke's Lumber Mills

Each mill includes a sawmill, a planer mill and facilities for shipping by both railroad and truck. Radium and Sentinel have dry kilns and facilities for the production of wood pulp chips.

The Company's new sawmill at Rocky Mountain House commenced operations in early 1973 but production was below capacity throughout the year. However, it is anticipated that the Rocky Mountain House mill will achieve the desired level of production and operate profitably in 1974.

In January 1974 the Company's Whitecourt sawmill, located 125 miles northwest of Whitecourt, Alberta, was destroyed by fire. The loss is covered by insurance and the Company is studying the feasibility of arrangements to continue production. The Whitecourt mill represented 8% of the Lumber Division's 1973 production.

Capital Expenditures

Capital expenditures for the Lumber Division totalled \$743,000 in 1973, including \$346,000 for the construction of roads and bridges required to gain access to timber licences. The balance of the expenditures primarily related to equipment replacements and additions necessary to improve production output and provide some offset to increasing production costs. A similar capital expenditure program is projected for 1974.

Outlook for 1974

The objective in 1974 is to achieve a level of production which is close to Revelstoke's maximum allowable timber cut of 120 million board feet. However, a major factor affecting production could be the expiry on June 30 of the labour contract for sawmill workers in the interior of British Columbia, which includes Revelstoke's Radium mill.

The outlook for the Lumber Division is generally promising. Revelstoke's mill management is capable, facilities and equipment are in good order, and the wood supply at the mills is adequate. Nevertheless we share the long term concerns of the lumber industry relating to the upward pressure on operating costs, accelerating wage demands and difficulties in obtaining a sufficient supply of both skilled and unskilled mill employees.

Consolidated Balance Sheet

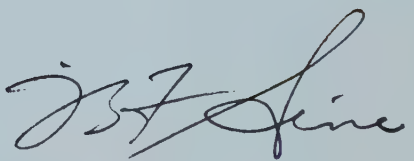
REVELSTOKE COMPANIES LTD.

As at December 31.

Assets

	1973	1972
Current Assets		
Cash	\$ 1,201,471	\$ 915,680
Accounts Receivable	9,683,507	6,818,026
Inventories, Valued at the Lower of Cost or Net Realizable Value (Note 1)	19,570,456	13,540,342
	30,455,434	21,274,048
Property, Plant and Equipment, at Cost (Note 2)	25,486,976	23,109,456
Less: Accumulated Depreciation and Depletion	12,372,992	11,163,371
	13,113,984	11,946,085
Goodwill Less Amortization (Note 1)	—	338,677
 Total Assets	 \$43,569,418	 \$33,558,810

APPROVED ON BEHALF OF THE BOARD:

Director 

Director 

Liabilities and Shareholders' Equity

	1973	1972
Current Liabilities		
Bank Indebtedness	\$ 2,579,783	\$ 2,390,062
Short Term Loans	8,112,184	6,981,749
Accounts Payable and Accrued Liabilities	7,626,991	4,829,905
Income Taxes Payable	1,190,471	344,725
Long Term Debt Due Within One Year (Note 3)	898,000	203,500
	<u>20,407,429</u>	<u>14,749,941</u>
Long Term Debt (Note 3)	4,015,757	3,008,866
Deferred Income Taxes	970,972	266,806
Minority Interest	48,424	31,343
Shareholders' Equity (Note 4)		
Capital Stock		
Authorized-		
300,000 Preference Shares of a Par Value of \$20 Each		
6,000,000 Common Shares of No Par Value		
Issued-		
107,249 Preference Shares 1961 Series	2,144,980	2,144,980
1,910,015 Common Shares (1972- 1,800,015)	3,876,255	2,784,005
Retained Earnings	12,105,601	10,572,869
Total Shareholders' Equity	<u>18,126,836</u>	<u>15,501,854</u>
Commitments and Contingent Liability (Note 6)		
Total Liabilities and Shareholders' Equity	<u>\$43,569,418</u>	<u>\$33,558,810</u>

Auditors' Report

To the Shareholders of Revelstoke Companies Ltd.

We have examined the consolidated balance sheet of Revelstoke Companies Ltd. as at December 31, 1973 and the consolidated statements of current and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the companies as at December 31, 1973, the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles which, except for the change in the method of writing off goodwill as referred to in Note 1, have been applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co

Chartered Accountants
April 26, 1974
Calgary, Alberta

Consolidated Statement of Current and Retained Earnings

REVELSTOKE COMPANIES LTD.

For The Year Ended December 31

	<u>1973</u>	<u>1972</u>
Current Earnings		
Sales- Retail Division	\$40,125,617	\$26,100,067
Concrete Division	10,946,200	8,861,884
Lumber Division	12,099,014	7,846,888
	<u>63,170,831</u>	<u>42,808,839</u>
Costs and Expenses		
Cost of Sales, Selling, General and Administration	54,436,181	37,996,457
Depreciation and Depletion (Note 2)	1,386,716	1,285,194
Interest (Long Term: 1973 — \$274,399 1972 — \$178,783)	1,091,614	649,113
	<u>56,914,511</u>	<u>39,930,764</u>
	6,256,320	2,878,075
Gain on Sale of Fixed Assets	130,650	121,991
	<u>6,386,970</u>	<u>3,000,066</u>
Provision for Income Taxes		
Current	2,269,410	1,243,547
Deferred	768,333	201,016
	<u>3,037,743</u>	<u>1,444,563</u>
Earnings before Minority Interest	3,349,227	1,555,503
Minority Interest	17,081	14,119
Net Earnings for the Year	<u>\$ 3,332,146</u>	<u>\$ 1,541,384</u>
Net Earnings Per Common Share		
Weighted Average of Shares Outstanding for the Year	<u>\$1.77</u>	<u>\$0.79</u>
Fully Diluted	<u>\$1.73</u>	<u>\$0.77</u>
Retained Earnings		
Balance at Beginning of Year	\$10,572,869	\$ 9,334,397
Additions		
Net Earnings for the Year	3,332,146	1,541,384
Gains on Disposal of Fixed Assets		
Deferred in Prior Years	—	65,789
	<u>13,905,015</u>	<u>10,941,570</u>
Deductions		
Dividends on Preference Shares	128,699	128,699
Dividends on Common Shares	306,453	240,002
Write Off of Goodwill (Note 1)	1,364,262	—
Balance at End of Year	<u>\$12,105,601</u>	<u>\$10,572,869</u>

Consolidated Statement of Changes in Financial Position

REVELSTOKE COMPANIES LTD.

For The Year Ended December 31

	<u>1973</u>	<u>1972</u>
Source of Funds		
Net Earnings for the Year	\$ 3,332,146	\$ 1,541,384
Depreciation and Depletion (Note 2)	1,386,716	1,285,194
Deferred Tax	768,333	201,016
Other	7,715	64,409
	<u>5,494,910</u>	<u>3,092,003</u>
Long Term Debt	2,000,000	1,000,000
Sale of Fixed Assets Less Gain Included In Earnings	390,164	367,895
Shares Issued	1,092,250	—
	<u>8,977,324</u>	<u>4,459,898</u>
Application of Funds		
Fixed Assets	2,705,728	4,046,170
Goodwill	—	345,000
Dividends	435,152	368,701
Long Term Debt	983,742	222,485
Acquisition of Subsidiary Companies (Less working capital at date of acquisition)	1,328,804	132,120
	<u>5,453,426</u>	<u>5,114,476</u>
Increase (Decrease) in Working Capital	3,523,898	(654,578)
Working Capital at Beginning of Year	6,524,107	7,178,685
Working Capital at End of Year	<u>\$10,048,005</u>	<u>\$ 6,524,107</u>
Changes in Components of Working Capital		
Current Assets		
Cash	\$ 285,791	\$ 380,392
Accounts Receivable	2,865,481	2,393,915
Inventories	6,030,114	3,358,129
	<u>9,181,386</u>	<u>6,132,436</u>
Current Liabilities		
Bank Indebtedness	189,721	(2,217,721)
Short Term Loans	1,130,435	6,981,749
Accounts Payable and Accrued Liabilities	2,797,086	1,873,152
Income Taxes Payable	845,746	(53,666)
Current Portion of Long Term Debt	694,500	203,500
	<u>5,657,488</u>	<u>6,787,014</u>
Increase (Decrease) in Working Capital	<u>\$ 3,523,898</u>	<u>\$ (654,578)</u>

Notes to Financial Statements

December 31, 1973

REVELSTOKE COMPANIES LTD.

1 Summary of Accounting Policies

The accounting policies of Revelstoke Companies Ltd. are in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and all its subsidiary companies from their effective dates of acquisition. All of the subsidiary companies are wholly owned except one, Revelstoke-Lafarge Ltd., which is 85% owned. All inter company balances and transactions are eliminated. Certain 1972 amounts have been reclassified to conform with 1973 presentation.

ACQUISITIONS

Effective March 31, 1973, the Company acquired all the outstanding shares of Battle River Builders Supplies Ltd. Effective September 30, 1973, the Company acquired all the outstanding shares of Stewart & Hudson Ltd. and its associate companies, Arrow Building Supplies (1958) Ltd. and Stayte Rd. Building Supplies Ltd.

The accounting for the above acquisitions has been on the basis of the purchase method whereby assets acquired have been assigned values based on their fair market value at the date of purchase. To the extent that the excess of the price paid over the book values of the companies has not been assigned to assets, the resulting goodwill has been written off as a direct charge to retained earnings.

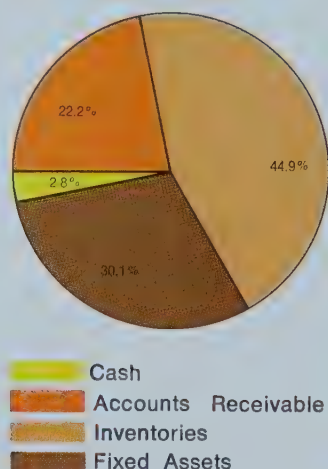
INVENTORIES

Inventories are valued at the lower of cost or net realizable value.

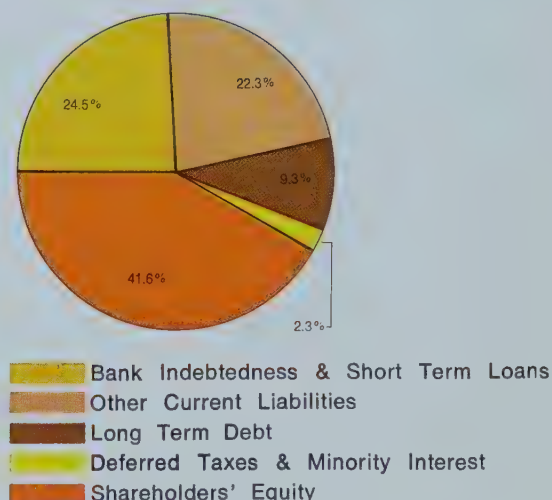
Inventory values by division are as follows:

	1973	1972
Retail Division	\$15,613,761	\$10,255,142
Concrete Division	353,231	407,150
Lumber Division	3,603,464	2,878,050
	<u>\$19,570,456</u>	<u>\$13,540,342</u>

ASSETS 1973



LIABILITIES & SHAREHOLDERS' EQUITY 1973



Notes to Financial Statements (continued)

GOODWILL

In 1973 the Company changed the basis of accounting for goodwill relating to acquisitions made in 1973 and prior years by writing off directly to retained earnings that portion that cannot be assigned to the fixed assets of acquired companies. If this policy had been in effect in 1972 the net earnings for the year would have increased by approximately \$25,000.

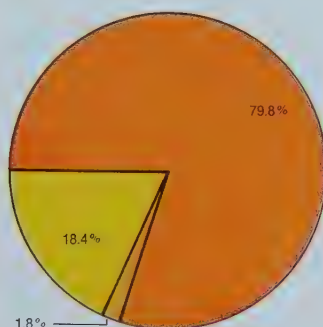
2 Property, Plant and Equipment

	<u>1973</u>		<u>1972</u>	
	<u>Cost</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Net Book Value</u>
Land	\$ 1,303,742	\$ 1,303,742	\$ 1,153,339	\$ 1,153,339
Buildings	7,474,596	4,661,739	7,222,773	4,584,176
Machinery and Equipment	12,397,446	4,598,904	10,787,306	3,777,374
Logging Access Roads	1,615,026	848,523	1,269,363	627,464
Sand and Gravel Rights and Properties	457,811	356,041	438,320	346,813
Timber Rights and Leases	2,238,355	1,345,035	2,238,355	1,456,919
	<u>\$25,486,976</u>	<u>\$13,113,984</u>	<u>\$23,109,456</u>	<u>\$11,946,085</u>

Depreciation

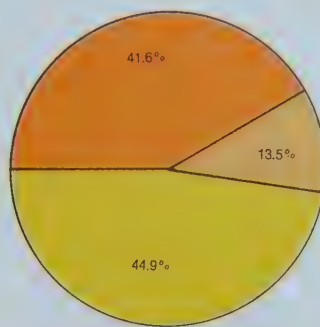
	<u>Basis</u>	<u>Rate based on service lives or recoverable reserves</u>
Buildings	Straight-line	2.5% - 5%
Machinery and Equipment	Straight-line	10% - 15%
Logging Access Roads	Unit of Production	Approximately ten years
Sand and Gravel Rights and Properties	Unit of Production	Based on estimated reserves
Timber Rights and Leases	Straight-line	5%

INVENTORY BY DIVISION 1973



Retail
 Concrete
 Lumber

FIXED ASSETS BY DIVISION 1973



Retail
 Concrete
 Lumber

Notes to Financial Statements (continued)

3 Long Term Debt

	1973	1972
Sinking Fund Debentures, 6.5% due 1981 (Annual sinking fund requirement \$500,000)	\$ 2,063,757	\$ 2,212,366
Bank Loans - unsecured at 1.25% above prime rate (Repayable \$300,000 annually)	1,850,000	1,000,000
8% Convertible Term Notes	1,000,000	—
Repayable \$200,000 annually or at the option of the holder convertible into common shares of the Company as to \$200,000 principal amount annually as follows:-		
On or before September 30, 1974 at \$14.00 per share		On or before September 30, 1977 at \$24.19 per share
On or before September 30, 1975 at \$16.80 per share		On or before September 30, 1978 at \$29.03 per share
On or before September 30, 1976 at \$20.16 per share		
	4,913,757	3,212,366
Long Term Debt Due Within One Year	898,000	203,500
	<u>\$ 4,015,757</u>	<u>\$ 3,008,866</u>

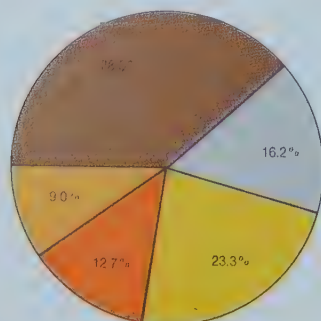
The Trust Indenture governing the Sinking Fund 6.5% 1981 Debentures provides that the Company cannot become liable upon any additional funded obligations which in any year prior to September 1, 1981 mature in amounts that exceed the sinking fund payments unless the latter are correspondingly increased.

As a consequence of the Bank Loans and 8% convertible term notes having maturities aggregating \$500,000 annually, the sinking fund requirements have been accelerated by \$300,000 annually. Part of the 1974 sinking fund requirements were met in 1973.

Aggregate annual maturities for the next five years are:

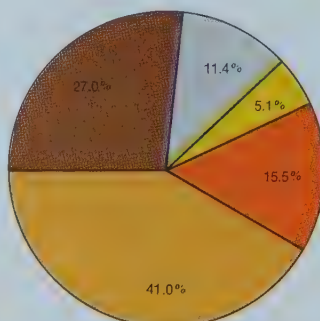
1974	\$ 898,000
1975 to 1977	\$1,000,000
1978	\$ 800,000

1973 SOURCE OF FUNDS



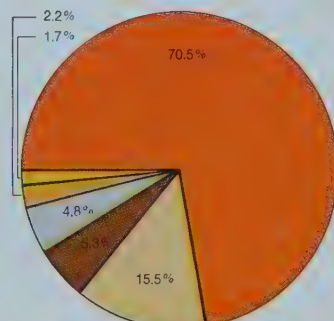
Net Earnings
Depreciation & Depletion
Term Debt
Share Capital
Other

1973 USE OF FUNDS



Fixed Assets Less Disposal Proceeds
Retirement of Debt
Dividends
Acquisitions (Less Working Capital Acquired)
Working Capital

BREAKDOWN OF EVERY \$1 SALES



Cost of Sales, Selling & Administration Expense
Personnel Costs
Net Earnings
Income Tax
Depreciation & Depletion
Interest

Notes to Financial Statements

4 Shareholders' Equity

PREFERENCE SHARES

The 300,000 authorized preference shares of a par value of \$20.00 each are issuable in series, of which 125,000 have been designated as 6% cumulative redeemable shares 1961 series and are redeemable at \$20.50 plus any accrued and unpaid dividends as at the date of redemption and 9,351 have been designated as 1% non-cumulative redeemable preference shares 1970 series.

COMMON SHARES

Common shares issued and outstanding are as follows:

	1973		1972	
	Shares	Amount	Shares	Amount
Balance, beginning of year	1,800,015	\$2,784,005	1,800,015	\$2,784,005
Issued for cash under employee stock options	15,000	92,250	—	—
Issued as partial consideration for shares of subsidiaries acquired	95,000	1,000,000	—	—
Balance, end of year	<u>1,910,015</u>	<u>\$3,876,255</u>	<u>1,800,015</u>	<u>\$2,784,005</u>

SHARES RESERVED

Shares reserved for conversion of 8% Convertible Term Notes	51,268
Shares reserved for employee stock options	75,000
Shares issued in 1973 pursuant to options exercised	<u>15,000</u>
	<u>60,000</u>
	<u>111,268</u>

STOCK OPTIONS

As at 31st December 1973, options in respect to 22,500 shares at \$6.15 per share remained outstanding, exercisable as to 7,500 shares per year on a cumulative basis.

5 Remuneration

Directors' fees and senior officers' remuneration in 1973 amounted to \$273,025 compared to \$217,828 in 1972.

6 Commitments and Contingent Liability

At December 31, 1973, the Company operated 107 retail branches. The properties relating to 96 of these branches are owned with those relating to the other 11 being leased for varying terms from 5 to 15 years at minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) as shown below. The Company also has equipment under lease for terms varying from 2 to 7 years.

The lease commitments required over the next five years are as follows:-

	Properties	Equipment
1974	\$229,800	\$330,485
1975	230,400	330,091
1976	234,600	313,511
1977	231,600	298,511
1978	215,000	268,746

A Statement of Claim has been issued against the Company in the amount of \$225,000. The matter has not progressed to the stage where a valid assessment can be made, however Company officials do not believe any significant liability will arise.

Advertising Dept.
 Craig Parr
 Sheryl Hamilton
 Hartvig Lauridsen
 Betty Marchuk



Saskatchewan and Manitoba District Managers
 Dave Dupont
 Hugh O'Neil
 Otto Frey



Credit and Accounting Depts.
 Mike Neaves, Brian Harris, Hank Millard



Alberta District Managers
 Mike Lopachuk
 Bob Molle



Winners of the Manager of the Year Awards in B.C. and Alberta

Ernie Babiuk
 Ross Stewart
 Wayne Gaalaas
 Ervin Buck

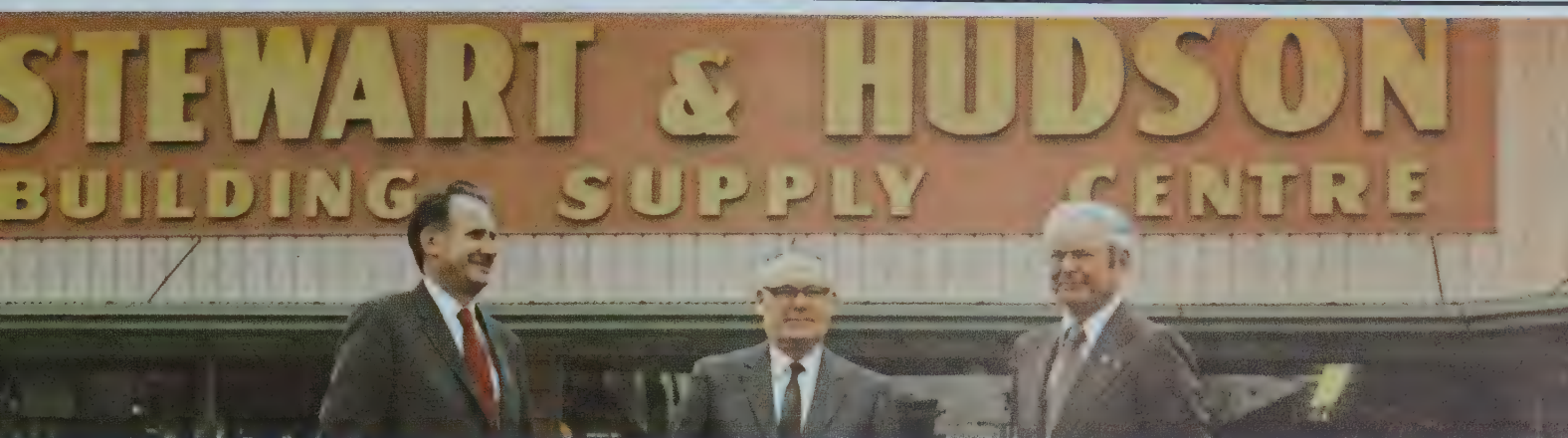


Winners of the Manager of the Year Awards in Saskatchewan and Manitoba

Terry Tully
 Keith Johnston
 Roger Frenette
 Ron McWilliams

Systems Dept.
 Dan Finley
 Jim Franssen
 Don Clark





Stewart and Hudson Ltd.
Geoffrey J. Stewart, Chairman,
James W. Anderson, General Manager,
Geoffrey Singleton, Manager



Lumber Trading Dept.
Bill Walter
Dale Brett



Purchasing Dept.
Henry Novakowski
Vince Gregory
Don Cuming
Albert Kieboom
Lionel Dobson



Concrete Division
Art Risdahl
Cy Jolie
Emile Dupont
Howard Sells
Dale Clowes
Ed Schafer



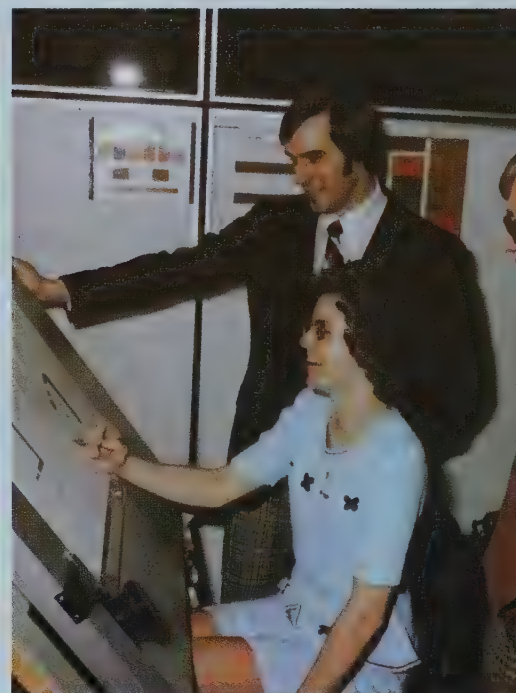
Jock McLean
- Chief Forester
Roy Cucheran
- Manager of Manpower

Our People

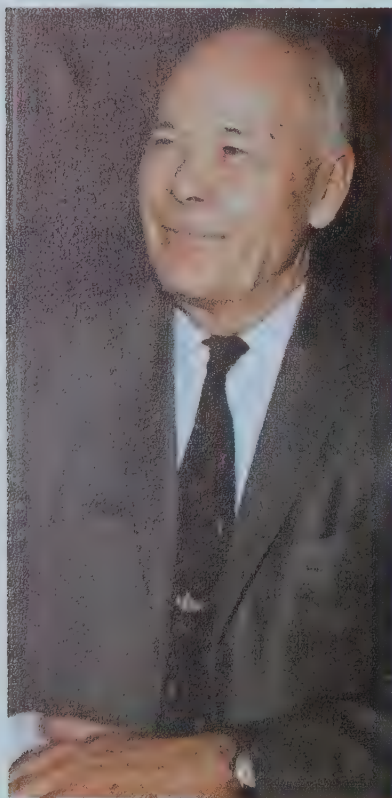


Mill Managers

Geoff Peter Gordon Harrison
Jim Wardrope Art Reynolds
Frank Fortin



Inventory Control Manager
Don Manning with
Marg Fricker,
Gary Lyseng;
Store Display Dept.



Brett F. Sine
- Chairman of the Board



Revy Home Department

Keith Hitchner
Nick Dowhaniuk
John Metcalfe
Ted Hanson



Having Fun at Revelstoke's 25 Year
Award Dinner

History of Our Company

- 1903 Revelstoke's predecessor companies, Revelstoke Sawmill Company and Bowman Lumber Company, commenced business at Revelstoke and Comaplix, British Columbia with three sawmills. These companies were both controlled by the Bowman family of Minneapolis who appointed F. W. Hess as the General Manager of Revelstoke Sawmill and F. E. Sine as the General Manager of Bowman Lumber.
- 1906 The first retail lumber yards were opened at Lacombe and Stettler, Alberta and Swift Current, Saskatchewan.
- 1912 The Head Office of both of Revelstoke's predecessor companies was moved from Revelstoke, British Columbia to Calgary, Alberta. The mills and other assets of these companies in Revelstoke, British Columbia were sold.
- 1913 The name of the Bowman Lumber Company was changed to Atlas Lumber Company. Revelstoke Sawmill and Atlas jointly purchased the Globe Lumber Company which operated 15 retail branches in Alberta.
- 1921 The associated companies re-entered the lumber manufacturing business with the construction of a planing mill at Rocky Mountain House, Alberta.
- 1927 Revelstoke Sawmill and Atlas jointly formed Builders Hardware Stores Limited which purchased or opened hardware stores in Alberta and Saskatchewan. At that time most of the over 100 retail lumber yards owned by the two parent companies started carrying hardware merchandise.
- 1948 The Kamloops Lumber Company was formed to build and operate a sawmill, planing mill and retail branch at Kamloops, British Columbia. F. W. Hess became the President of Revelstoke's predecessor companies upon the death of F. E. Sine.
- 1951 The first transit mix concrete plants were opened in Swift Current, Medicine Hat, Red Deer and Kamloops.
- 1956 B. F. Sine became the President of Revelstoke's predecessor companies upon the death of F. W. Hess.
- 1961 Revelstoke Sawmill and Atlas Lumber were amalgamated to form Revelstoke Building Materials Ltd. which became a public company with the sale of the controlling interest held by the Bowman family in Minneapolis to the public concurrent with the underwriting of preferred shares and debentures. Revelstoke's common and preferred shares were listed on the Toronto Stock Exchange.
- 1963 Revelstoke purchased Monarch Lumber Company which operated 70 retail lumber branches mainly in Saskatchewan and Manitoba.
- 1964 Revelstoke purchased Wilder Bros. Lumber Company and formed Revelstoke Sawmill (Radium) Ltd. to commence lumber manufacturing operations in Radium, British Columbia.
- 1970 Revelstoke sold its lumber manufacturing operations and retail branch in Kamloops, B.C. to Weyerhaeuser Company.
- 1971 Steele Curry became President of Revelstoke and B. F. Sine, retiring as President, was appointed Chairman of the Board of Directors.
- 1972 A controlling interest in Revelstoke was acquired by Venture Funding Limited, a private investment holding company controlled by Canadian shareholders.
- 1973 Revelstoke acquired Stewart & Hudson Ltd. and two associated companies operating a total of eight lumber, building material and home improvement retail outlets on Vancouver Island and the lower mainland of British Columbia.
- 1974 Revelstoke now consists of three Divisions; the Retail Division with 108 retail outlets, the Concrete Division with 18 concrete plants, and the Lumber Division with five lumber mills.

Our Company Officers



JOHN B. HALL

Vice President Lumber Trading. Responsible for all lumber purchases for the Retail Division and all lumber sales for the Lumber Division. Joined Revelstoke in 1938, appointed Vice President in 1960. Married, age 58.

GERALD A. BERKHOLD

Vice President Operations. Joined Revelstoke in that position in January 1972 after being with Triarch Corporation Limited and The Canadian Imperial Bank of Commerce. Received B.Comm. from the University of Alberta in 1960. Married, age 35.

STEELE CURRY

President. Joined Revelstoke in that position in December 1971 after being with Triarch Corporation Limited, The T. Eaton Company and Development Research Associates. Received M.B.A. from Harvard University in 1964, B.A. from Stanford University in 1962. Bachelor, age 33.

VICTOR R. ROSKEY

Vice President Merchandising, Responsible for the purchasing, advertising and other merchandising functions of the Retail Division. Joined Revelstoke in 1948, appointed Vice President in April 1974. Married, age 43.

KEITH A. C. McDOWELL

Vice President and Secretary Treasurer. Joined Revelstoke in 1955, appointed Secretary Treasurer in 1961 and Vice President in 1968. C.A. Married, age 46.

Five Year Financial Review*

REVELSTOKE COMPANIES LTD.

	1973	1972	1971	1970	1969
Sales - Retail Division . . .	\$40,125,617	\$26,100,067	\$20,022,061	\$19,546,873	\$20,834,890
- Concrete Division	10,946,200	8,861,884	6,684,936	5,776,500	7,307,902
- Lumber Division .	12,099,014	7,846,888	5,159,427	4,015,228	4,953,580
Total Sales	\$63,170,831	\$42,808,839	\$31,866,424	\$29,338,601	\$33,096,372
Operating Earnings	\$ 6,386,970	\$ 3,000,066	\$ 1,419,945	\$ 203,508	\$ 2,043,933
Minority Interest	17,081	14,119	3,548	7,755	75,738
Income Taxes	3,037,743	1,444,563	652,494	122,019	1,114,480
Net Operating Earnings .	3,332,146	1,541,384	763,903	73,734	853,715
Extraordinary Items	—	—	—	1,789,217	—
Net Earnings	\$ 3,332,146	\$ 1,541,384	\$ 763,903	\$ 1,862,951	\$ 853,715
Cash Flow	\$ 5,494,910	\$ 3,092,003	\$ 2,267,012	\$ 2,967,142	\$ 1,936,443
Operating Earnings Per Share	1.77	.79	.35	(.03)	.40
Total Earnings Per Share	1.77	.79	.35	.96	.40
Cash Flow Per Share	3.04	1.72	1.26	1.65	1.08
Dividends Per Common Share	.17	.14	.07	.13	.20
Shareholders' Equity	18,126,836	15,501,854	14,263,382	13,770,936	12,321,098
Working Capital	10,048,005	6,524,107	7,178,685	8,417,831	8,266,002
Long Term Debt	4,913,757	3,212,366	2,227,453	2,680,403	2,857,238
Total Assets	43,569,418	33,558,810	24,470,987	22,245,971	22,177,836
Current Assets to Current Liabilities	1.49	1.44	1.90	2.42	2.31
Equity Capital to Long Term Debt	3.69	4.83	6.40	5.14	4.31
Common Shares Outstanding	1,910,015	1,800,015	1,800,015	1,800,015	1,800,015
Number of Common Shareholders	760	735	901	964	935
Price Range of Common Shares - High	\$12.88	7.88	5.50	4.50	10.25
- Low .	\$ 7.63	4.50	3.00	2.67	4.33

* Earnings per share figures are calculated after deducting preferred dividends and using the weighted average number of shares outstanding during the year.

Certain prior years' figures have been restated to conform with 1973 presentation.

General Company Information

BOARD OF DIRECTORS

Gerald A. Berkhold
Vice President of the Company
Calgary, Alberta

Peter J. M. Bloemen
President
Trucena Investments Limited
Toronto, Ontario

Arthur J. E. Child
President
Burns Foods Limited
Calgary, Alberta

Steele Curry
President of the Company
Calgary, Alberta

Neil B. Ivory
President
Pembroke Management Ltd.
Montreal, Quebec

Allan E. Jenner
General Manager
Citicorp Venture Capital Canada Ltd.
Toronto, Ontario

David E. Mitchell
President
Great Plains Development Co. of Canada Ltd.
Calgary, Alberta

John E. Sands, C.A.
Vice President
Trucena Investments Limited
Toronto, Ontario

John L. Schlosser
President
Tri-Jay Investments Ltd.
Edmonton, Alberta

Brett F. Sine
Chairman of the Board
Revelstoke Companies Ltd.
Calgary, Alberta

Arthur J. Vincent
President
Smith, Vincent & Co. Ltd.
Winnipeg, Manitoba

OFFICERS

Steele Curry
President

Gerald A. Berkhold
Vice President
Operations

John B. Hall
Vice President
Lumber Trading Department

Keith A.C. McDowell, C.A.
Vice President and Secretary Treasurer

Victor R. Roskey
Vice President
Merchandising

DEPARTMENT MANAGERS

Donald A. Clark
Controller

Roy Cucheran
Manager
Manpower Development

Lionel E. Dobson
Manager
Merchandising

Ted W. Hanson
Manager
Revy Homes

Brian A. Harris
Manager
Accounting

Hartvig Lauridsen
Manager
Advertising and Promotion

Don Manning
Manager
Inventory Control

Jock McLean
Chief Forester
Alberta Mills

Henry W. Millard
Manager
Internal Audit and Credit

Edward K. Schafer
Chief Engineer

Howard M. Sells
Manager
Concrete Production and Equipment

DISTRICT MANAGERS

James H. Bartley
Northern Alberta

David A. Dupont
Manitoba/
Saskatchewan

Otto A. Frey
Saskatchewan

Michael G. Lopachuk
Southern Alberta

Robert J. Molle
Southern Alberta

Dennis W. Simmans
Manitoba

MILL MANAGERS

Frank R. Fortin
General Manager
Lumber Division and Manager of Radium Mill, B.C.

Geoff C. Peter
Manager
Sentinel, Alberta

Arthur C. Reynolds
Manager
Whitecourt, Alberta

James A. Wardrope
Manager
Sundre and Rocky Mountain House, Alberta

TRANSFER AGENTS AND REGISTRARS

Common Shares
Montreal Trust Company
Calgary, Toronto, Montreal and Vancouver

Preferred Shares and Trustees for Debentures
Canada Permanent Trust Company
Calgary, Toronto, Montreal and Vancouver

PRINCIPAL SUBSIDIARY COMPANIES AND % OF OWNERSHIP

Revelstoke Home Centres Ltd. . . .100%

Revelstoke Sawmill (Radium) Ltd. .100%

Revelstoke - Lafarge Ltd.85%

Stewart & Hudson Ltd.100%

STEWART & HUDSON LTD.

Geoffrey J. Stewart
Chairman

James W. Anderson
General Manager

Geoffrey Singleton
Manager Victoria

John Wingert
District Manager

Our Company Objectives

- To develop an organization which continually seeks to maximize the satisfaction of our customers through understanding their needs, tastes and problems.
- To achieve a rising level of profitability and earnings per share.
- To create an environment that stimulates personal development and fulfillment for the members of the Company.
- To participate in industries and markets which should experience substantial above average growth.
- To maintain a close watch over ever-changing market and competitive conditions.
- To add as much value as possible to the products and services that we provide our customers.
- To demonstrate entrepreneurship, leadership and high standards in all areas of corporate activity.
- To strive for excellence as opposed to imitating others and accepting how things were done in the past without question.
- To support community affairs wherever we are active on a basis consistent with the size of our Company.
- To have fun.

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Palliser Hotel, 133 - 9th Avenue S.W., Calgary, Alberta on June 6, 1974 at 10 a.m.

HEADQUARTERS

Revelstoke Companies Ltd.
Box 2501
508 - 24th Ave. S.W.
Calgary, Alberta T2P 2N2
Phone (403) 266-6071

AUDITORS

Price Waterhouse & Co.
Chartered Accountants

ACT OF

INCORPORATION

